

March Quarter 2019 and Full Fiscal Year 2019 Results



This presentation contains certain financial measures that are not recognized under generally accepted accounting principles in the United States (“GAAP”), including adjusted EBITDA (including adjusted EBITDA margin), adjusted EBITA (including adjusted EBITA margin), marketplace-based core commerce adjusted EBITA, non-GAAP net income, non-GAAP diluted EPS and free cash flow. For a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP measures, see GAAP to Adjusted/Non-GAAP Measures Reconciliation.

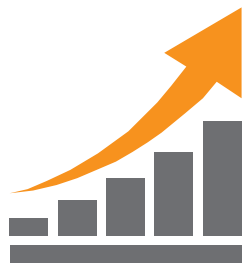
This announcement contains forward-looking statements. These statements are made under the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as “will,” “expects,” “anticipates,” “future,” “intends,” “plans,” “believes,” “estimates,” “potential,” “continue,” “ongoing,” “targets,” “guidance” and similar statements. Among other things, statements that are not historical facts, including statements about Alibaba’s strategies and business plans, Alibaba’s beliefs, expectations and guidance regarding the growth of its business and its revenue, the business outlook and quotations from management in this presentation, as well as Alibaba’s strategic and operational plans, are or contain forward-looking statements. Alibaba may also make forward-looking statements in its periodic reports to the U.S. Securities and Exchange Commission (the “SEC”), in press releases and other written materials and in oral statements made by its officers, directors or employees to third parties. Forward-looking statements involve inherent risks and uncertainties. A number of factors could cause actual results to differ materially from those contained in any forward-looking statement, including but not limited to the following: Alibaba’s expected revenue growth; Alibaba’s goals and strategies; Alibaba’s future business development; Alibaba’s ability to maintain the trusted status of its ecosystem, reputation and brand; risks associated with increased investments in Alibaba’s business and new business initiatives; risks associated with strategic acquisitions and investments; Alibaba’s ability to retain or increase engagement of consumers, merchants and other participants in its ecosystem and enable new offerings; Alibaba’s ability to maintain or grow its revenue or business; risks associated with limitation or restriction of services provided by Alipay; changes in laws, regulations and regulatory environment that affect Alibaba’s business operations; privacy and regulatory concerns; competition; security breaches; the continued growth of the e-commerce market in China and globally; risks associated with the performance of our business partners, including but not limited to Ant Financial; and fluctuations in general economic and business conditions in China and globally and assumptions underlying or related to any of the foregoing. Further information regarding these and other risks is included in Alibaba’s filings with the SEC. All information provided in this results announcement is as of the date of this results announcement and are based on assumptions that we believe to be reasonable as of this date, and Alibaba does not undertake any obligation to update any forward-looking statement, except as required under applicable law.

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Financial Results

March Quarter 2019 Financial Highlights

Revenue



51% YoY
Total Revenue Growth

54% YoY
Core Commerce
Revenue Growth

Cloud



76% YoY
Cloud Computing
Revenue Growth

Consumers



721 MM
Mobile MAUs ⁽¹⁾

654 MM
Annual Active Consumers ⁽²⁾

Profitability and Cash Flow



RMB20.8 Bn
Adjusted EBITA

US\$1.6 Bn⁽³⁾
Non-GAAP Free Cash Flow

Notes: Unless otherwise indicated, all figures above are for the three months ended March 31, 2019.

(1) For the month ended March 31, 2019; in a given month, the number of unique mobile devices that were used to visit or access certain of our mobile applications at least once during that month.

(2) For the 12-month period ended March 31, 2019; the number of annual active consumers on our China retail marketplaces.

(3) All translations of RMB into US\$ in this presentation were made at RMB6.7112 to US\$1.00, the exchange rate on March 29, 2019 as set forth in the H.10 statistical release of the Federal Reserve Board.

March Quarter Revenue

- **Total Revenue** YoY growth of 51% was mainly driven by the robust revenue growth of our China commerce retail business, the consolidation of Ele.me, as well as strong revenue growth of Alibaba Cloud.

Total Revenue Breakdown⁽¹⁾

	<u>Three months ended March 31, 2019</u>		
	<u>RMB MM</u>	<u>% of Revenue</u>	<u>YoY %</u>
Core commerce:			
China commerce retail			
- Customer management	30,119	32%	31%
- Commission	14,790	16%	30%
- Others	13,532	15%	132%
	58,441	63%	45%
China commerce wholesale	2,547	3%	35%
International commerce retail	4,944	5%	25%
International commerce wholesale	2,133	2%	26%
Cainiao logistics services	3,861	4%	35%
Local consumer services	5,266	5%	N/A
Others	1,702	2%	143%
Total core commerce	78,894	84%	54%
Cloud computing	7,726	8%	76%
Digital media and entertainment	5,671	6%	8%
Innovation initiatives and others	1,207	2%	22%
Total	93,498	100%	51%

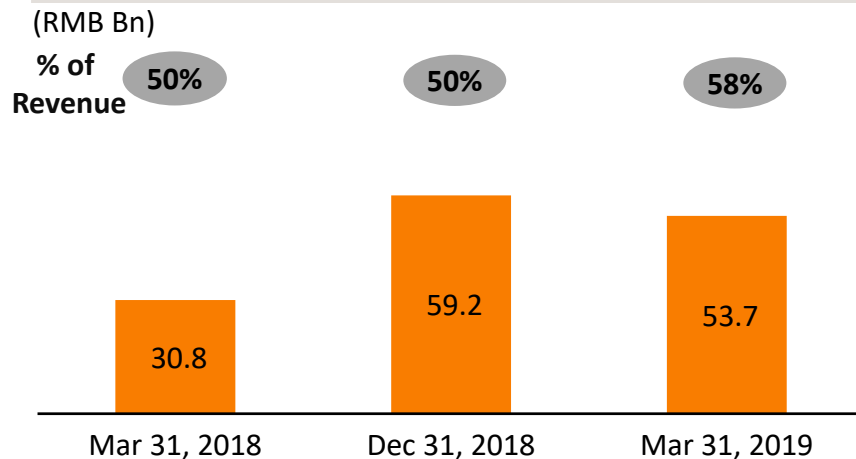
} 31% YoY

Notes: We started to consolidate Ele.me in May 2018 and Koubei in December 2018.

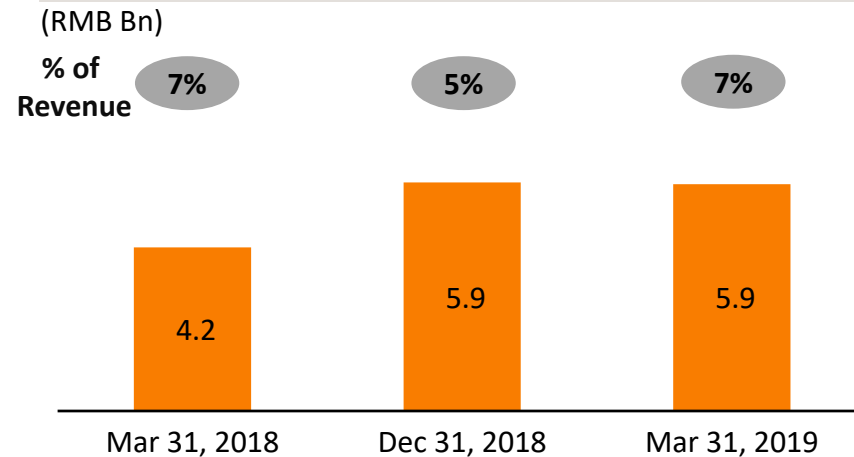
(1) After elimination of inter-company transactions.

March Quarter Cost Trends

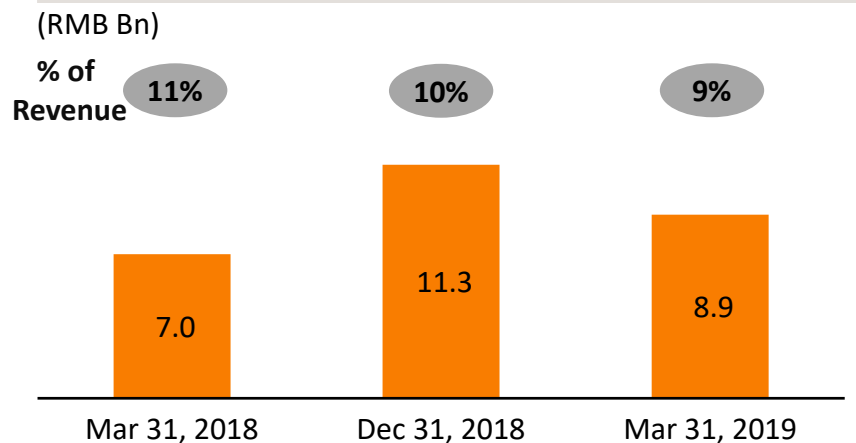
Cost of Revenue (Excluding SBC)



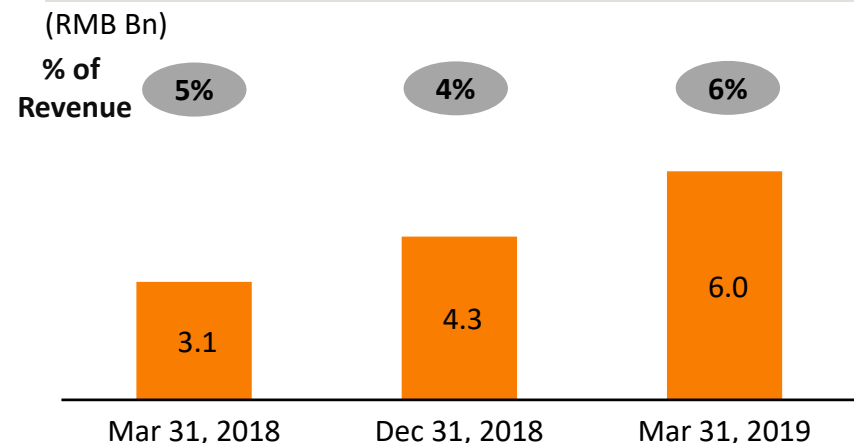
Product Development Expenses (Excluding SBC)






































Sales & Marketing Expenses (Excluding SBC)



General & Administrative Expenses (Excluding SBC)



March Quarter Segment Reporting

	Core Commerce <i>China Commerce Retail</i>          <i>China Commerce Wholesale</i>  <i>International Commerce Retail</i>   <i>International Commerce Wholesale</i>  <i>Cainiao Logistics Services</i>  <i>Local Consumer Services</i>  	Cloud Computing 	Digital Media & Entertainment              	Innovation Initiatives & Others    	Un-allocated⁽¹⁾	Consolidated
Mar Q 19 Revenue (MM)	RMB 78,894 US\$ 11,756 54% YoY	RMB 7,726 US\$ 1,151 76% YoY	RMB 5,671 US\$ 845 8% YoY	RMB 1,207 US\$ 180 22% YoY	-	RMB 93,498 US\$ 13,932 51% YoY
Mar Q 19 Adjusted EBITA (MM)	RMB 27,484 US\$ 4,095	RMB (164) US\$ (24)	RMB (2,828) US\$ (421)	RMB (1,932) US\$ (288)	RMB (1,803) US\$ (269)	RMB 20,757 US\$ 3,093
Mar Q 19 Adjusted EBITA Margin (%)	35%	(2%)	(50%)	(160%)	-	22%

Notes: Segmental information is presented after elimination of inter-company transactions.

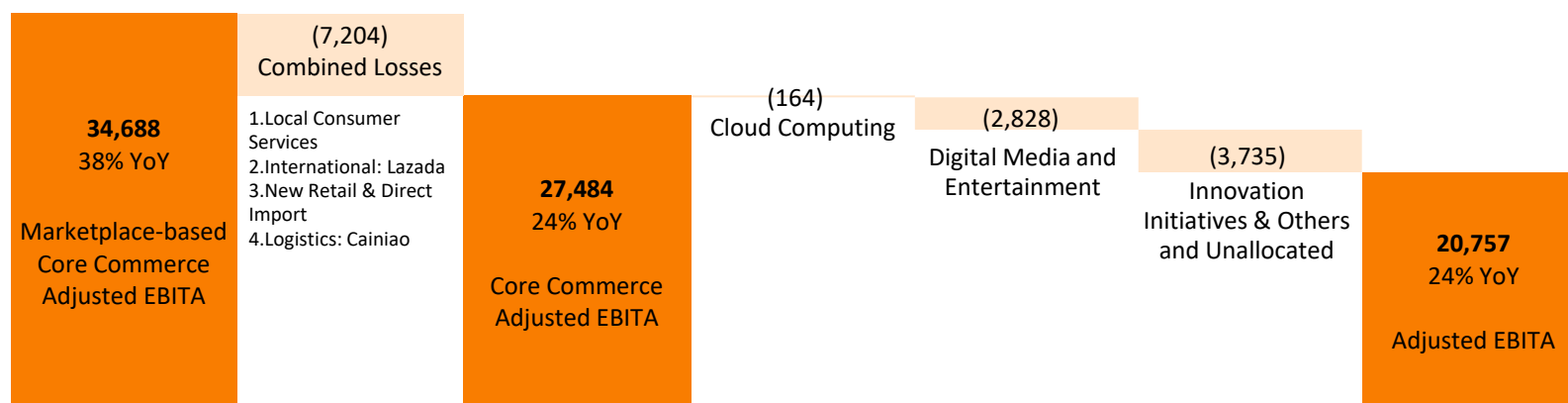
(1) Unallocated expenses are primarily related to corporate administrative costs and other miscellaneous items that are not allocated to individual segments.

March Quarter Adjusted EBITA by Segment

- **Marketplace-based Core Commerce Adjusted EBITA⁽¹⁾** increased 38% YoY to RMB34,688 million (US\$5,169 million). Strong marketplace-based core commerce profits allow us to invest in areas that add value to our customers and contribute to long-term growth for the company.
- **Core Commerce Adjusted EBITA** increased 24% YoY to RMB27,484 million (US\$4,095 million). Core Commerce Adjusted EBITA margin was 35%.
- **Cloud Computing** revenue increased 76% YoY to RMB7,726 million (US\$1,151 million), primarily driven by an increase in average spending per customer. Adjusted EBITA was a loss of RMB164 million (US\$24 million).
- **Digital Media and Entertainment** revenue increased 8% YoY to RMB5,671 million (US\$845 million), primarily due to an increase in revenue from mobile value-added services provided by UCWeb, such as mobile search and game publishing. Adjusted EBITA was a loss of RMB2,828 million (US\$421 million).
- **Innovation Initiatives and Others** revenue increased 22% YoY to RMB1,207 million (US\$180 million), mainly due to an increase in revenue from Tmall Genie and Amap. Adjusted EBITA was a loss of RMB1,932 million (US\$288 million). The increase in adjusted EBITA loss was primarily due to investments in new business initiatives, including Tmall Genie, as well as investments in technological research and innovation.

March Quarter 2019

(RMB MM)



Notes:

- (1) Marketplace-based core commerce adjusted EBITA represents adjusted EBITA for core commerce excluding the effects of local consumer services, Lazada, New Retail and direct import and Cainiao Network. In March Quarter FY18, adjusted EBITA loss for Lazada, Cainiao Network as well as New Retail and direct import amounted to RMB2,914 million.
- (2) New Retail and direct import primarily includes Freshippo, Tmall Direct Import and Intime.

Fiscal 2019 Financial Highlights

Revenue



51% YoY
Total Revenue
Growth

GMV



RMB 5.7 Trillion
(US\$ 853 Bn)
On China retail marketplaces

Strong Profitability and Cash Flow



Core Commerce
Adjusted EBITA **RMB 136.2 Bn**

US\$15.6 Bn
Non-GAAP Free Cash Flow

Core Commerce

51% YoY
Revenue Growth

19% YoY Core Commerce
Adjusted EBITA Growth

31% YoY Marketplace-based Core
Commerce Adjusted EBITA Growth ⁽¹⁾

Cloud



84% YoY
Revenue Growth

(5%)
Adjusted EBITA Margin

Note:

(1) Marketplace-based core commerce adjusted EBITA represents adjusted EBITA for core commerce excluding the effects of local consumer services, Lazada, New Retail and direct import and Cainiao Network.

Fiscal 2019 Revenue

- **Total Revenue** was RMB376,844 million (US\$56,152 million), an increase of 51% YoY. The increase was mainly driven by the robust revenue growth of our China commerce retail business, the consolidation of newly acquired businesses, mainly Ele.me, as well as strong revenue growth of Alibaba Cloud.
- Excluding acquisitions, organic revenue growth was 39% in FY2019, continuing to outperform those of global technology peers.

Total Revenue Breakdown⁽¹⁾































	Year ended March 31, 2019		
	RMB MM	% of Revenue	YoY %
Core commerce:			
China commerce retail			
- Customer management	145,684	39%	27%
- Commission	61,847	16%	33%
- Others	40,084	11%	155%
	247,615	66%	40%
China commerce wholesale	9,988	3%	39%
International commerce retail	19,558	5%	38%
International commerce wholesale	8,167	2%	23%
Cainiao logistics services	14,885	4%	120%
Local consumer services	18,058	5%	N/A
Others	5,129	1%	90%
Total core commerce	323,400	86%	51%
Cloud computing	24,702	7%	84%
Digital media and entertainment	24,077	6%	23%
Innovation initiatives and others	4,665	1%	42%
Total	376,844	100%	51%

} 29% YoY

Notes: We started to consolidate Cainiao Network in mid-October 2017, Ele.me in May 2018 and Koubei in December 2018.

(1) After elimination of inter-company transactions.

Fiscal 2019 Segment Reporting

	Core Commerce <i>China Commerce Retail</i>          <i>China Commerce Wholesale</i>  <i>International Commerce Retail</i>   <i>International Commerce Wholesale</i>  <i>Cainiao Logistics Services</i>  <i>Local Consumer Services</i> 	Cloud Computing 	Digital Media & Entertainment          	Innovation Initiatives & Others    	Un-allocated⁽¹⁾	Consolidated
FY19 Revenue (MM)	RMB 323,400 USD 48,188 51% YoY	RMB 24,702 USD 3,681 84% YoY	RMB 24,077 USD 3,588 23% YoY	RMB 4,665 USD 695 42% YoY	-	RMB 376,844 USD 56,152 51% YoY
FY19 Adjusted EBITA (MM)	RMB 136,167 USD 20,290 19% YoY	RMB (1,158) USD (172)	RMB (15,796) USD (2,354)	RMB (5,971) USD (890)	RMB (6,261) USD (933)	RMB 106,981 USD 15,941 10% YoY
FY19 Adjusted EBITA Margin (%)	42%	(5%)	(66%)	(128%)		28%

Notes: Segmental information is presented after elimination of inter-company transactions.

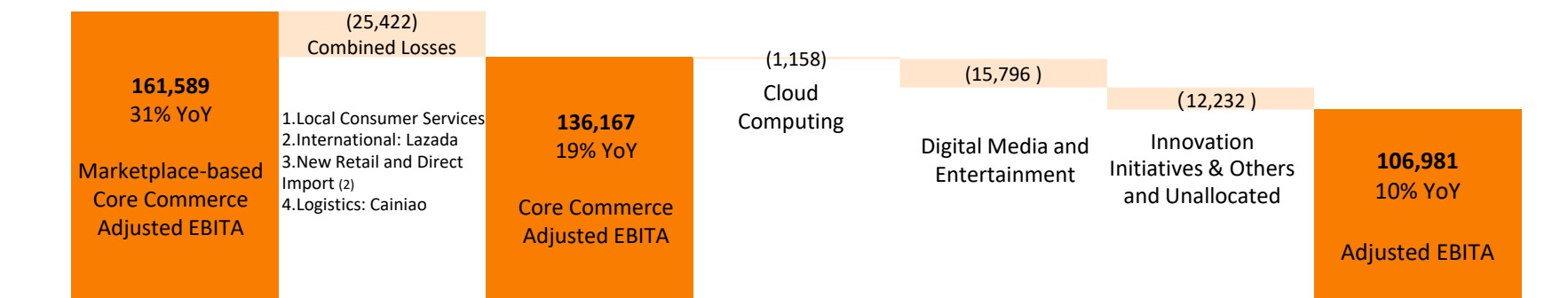
(1) Unallocated expenses are primarily related to corporate administrative costs and other miscellaneous items that are not allocated to individual segments.

Fiscal 2019 Adjusted EBITA by Segment

- **Marketplace-based Core Commerce Adjusted EBITA⁽¹⁾** increased 31% to RMB161,589 million (US\$24,078 million).
- **Core Commerce Adjusted EBITA** increased 19% to RMB136,167 million (US\$20,290 million). Core Commerce Adjusted EBITA margin was 42%.
- **Cloud Computing** revenue increased 84% YoY to RMB24,702 million (US\$3,681 million), driven by an increase in average spending per customer. Adjusted EBITA was a loss of RMB1,158 million (US\$172 million).
- **Digital Media and Entertainment** revenue increased 23% YoY to RMB24,077 million (US\$3,588 million), primarily due to an increase in revenue from mobile value-added services provided by UCWeb. Adjusted EBITA was a loss of RMB15,796 million (US\$2,354 million).
- **Innovation Initiatives and Others** revenue increased 42% YoY to RMB4,665 million (US\$695 million), mainly due to an increase in revenue from Tmall Genie and Amap. Adjusted EBITA was a loss of RMB5,971 million (US\$890 million). The increase in adjusted EBITA loss was primarily due to investments in new business initiatives, including Tmall Genie and our investments in technological research and innovation.

Fiscal 2019

(RMB MM)



Notes:

(1) Marketplace-based core commerce adjusted EBITA represents adjusted EBITA for core commerce excluding the effects of local consumer services, Lazada, New Retail and direct import and Cainiao Network. In FY18, adjusted EBITA loss for Lazada, New Retail and direct import, and Cainiao Network amounted to RMB8,783 million.

(2) New Retail and direct import primarily includes Freshippo, Tmall Direct Import and Intime.

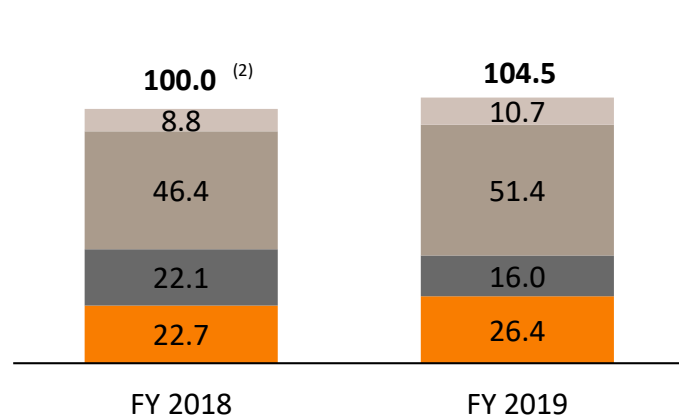
Free Cash Flow & Capital Expenditures

- As of March 31, 2019, **cash, cash equivalent and short-term investments** were RMB193,238 million (US\$28,794 million). The decrease from last year was primarily due to cash used in investment and acquisition activities and share repurchase, largely offset by free cash flow generated from operations.
- During March quarter, we generated robust **operating cash flow** of RMB18,553 million (US\$2,764 million), an increase of 29% YoY; as well as healthy **free cash flow** of RMB10,714 million (US\$1,596 million).
- During fiscal year 2019, **operating cash flow** amounted to RMB150,975 million (US\$22,496 million), an increase of 20% YoY. **Free cash flow** was RMB104,478 million (US\$15,568 million), an increase of 4% YoY.

Non-GAAP Free Cash Flow ⁽¹⁾

(RMB Bn)

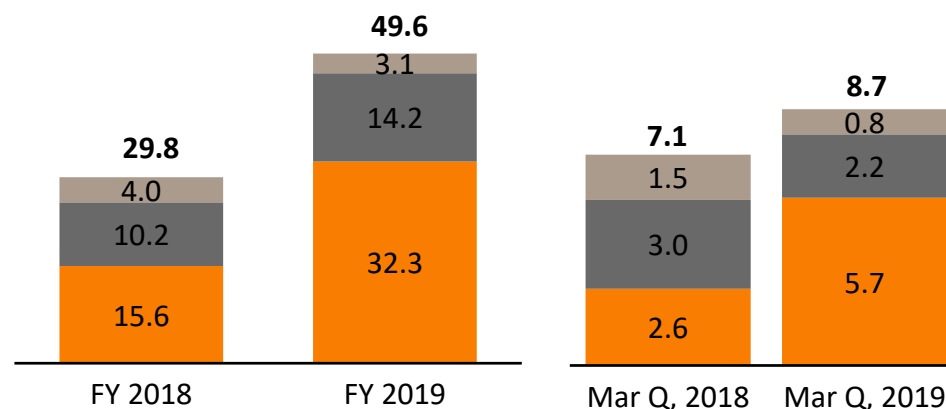
■ Jun Quarter ■ Sep Quarter ■ Dec Quarter ■ Mar Quarter



Capital Expenditures, Licensed Copyrights and Other Intangible Assets

(RMB Bn)

■ Land Use Rights and Construction in Progress Relating to Office Campus
 ■ Licensed Copyrights and Other Intangible Assets
 ■ Operating CAPEX ⁽³⁾



Notes:

- (1) Non-GAAP free cash flow represents net cash provided by operating activities as presented in Alibaba Group's consolidated cash flow statement less purchases of property and equipment (excluding acquisition of land use rights and construction in progress relating to office campus), licensed copyrights and other intangible assets.
- (2) As a result of adopting new accounting update, we retrospectively adjusted the consolidated statements of cash flows to include restricted cash and escrow receivables in cash and cash equivalents. The impact of our retrospective reclassification on cash flows from operating activities for the year ended March 31, 2018 was an increase of RMB634 million.
- (3) Operating CAPEX refers to the purchases of property and equipment (excluding land use rights and construction in progress relating to office campus).

Other Financial Metrics

- During March quarter, **other income, net** was RMB1,449 million (US\$216 million). **Royalty fees and software technology service fees** under our profit sharing arrangement with Ant Financial amounted to RMB517 million (US\$77 million). Ant Financial continued its strategic investments to acquire new users and capture growth opportunities in the offline payment market. Currently, Alipay and its local e-wallet partners have over 1 billion annual active users globally.
- Share of Results of Equity Investees** for the quarter ended March 31, 2019 was a profit of RMB828 million (US\$123 million). The share of profit of equity investees primarily included our share of profit in Suning.
- During fiscal year 2019, **other income, net** was RMB221 million (US\$32 million), compared to RMB4,160 million in fiscal year 2018. The decrease was primarily due to a decrease in income recognized in respect of royalty fees and software technology services fees from Ant Financial.
- Share of results of equity investees** for the year ended March 31, 2019 was a profit of RMB566 million (US\$84 million). Share of results of equity investees in fiscal years 2018 and 2019 consisted of the following:

In RMB MM	FY2018	FY2019
Share of (loss) profit of equity investees	(818)	2,997
- Koubei ⁽¹⁾	(1,340)	-
- Cainiao Network ⁽²⁾	(518)	-
- Others	1,040	2,997
Impairment loss	(18,153)	(493)
Dilution loss	(128)	(185)
Others ⁽³⁾	(1,693)	(1,753)
TOTAL	(20,792)	566

Notes:

(1) We started to consolidate Koubei in December 2018 after obtaining control over Koubei.

(2) We started to consolidate Cainiao Network in mid-October 2017 after obtaining control over Cainiao Network.

(3) Others mainly include amortization of intangible assets of equity investees and share-based compensation expense.

GAAP to Adjusted/Non-GAAP Measures Reconciliation

	Three months ended		
	March 31, 2018	March 31, 2019	
Adjusted EBITA and Adjusted EBITDA	(RMB MM)	(RMB MM)	(US\$MM)
Income from operations	9,221	8,765	1,306
Add: Share-based compensation expense	6,255	7,110	1,060
Add: Amortization of intangible assets	1,329	3,203	477
Add: Settlement of U.S. federal class action lawsuit	-	1,679	250
Adjusted EBITA	16,805	20,757	3,093
Add: Depreciation and amortization of property and equipment and land use rights	2,649	4,409	657
Adjusted EBITDA	19,454	25,166	3,750
Non-GAAP net income			
Net income	6,641	23,379	3,484
Add: Share-based compensation expense	6,255	7,110	1,060
Add: Amortization of intangible assets	1,329	3,203	477
Add: Impairment of goodwill and investments	89	3,450	514
Less: Gain on deemed disposals/disposals/revaluation of investments and others	(153)	(19,961)	(2,974)
Add: Settlement of U.S. federal class action lawsuit	-	1,679	250
Add: Amortization of excess value receivable arising from the restructuring of commercial arrangements with Ant Financial	65	66	10
Adjusted for tax effects on non-GAAP adjustments	(127)	1,130	167
Non-GAAP net income	14,099	20,056	2,988
Non-GAAP Free cash flow			
Net cash provided by operating activities	14,383	18,553	2,764
Less: Purchase of property and equipment (excluding land use rights and construction in progress relating to office campus)	(2,603)	(5,688)	(847)
Less: Acquisition of licensed copyrights and other intangible assets	(3,013)	(2,151)	(321)
Non-GAAP Free cash flow	8,767	10,714	1,596

GAAP to Adjusted/Non-GAAP Measures Reconciliation

	Three months ended		
	March 31, 2018	March 31, 2019	
Marketplace-based core commerce adjusted EBITA	(RMB MM)	(RMB MM)	(US\$MM)
Adjusted EBITA for core commerce	22,186	27,484	4,095
Less: Effects of local consumer services, Lazada, New Retail and direct import and Cainiao Network	2,914	7,204	1,074
Marketplace-based core commerce adjusted EBITA	25,100	34,688	5,169



Alibaba Group

阿里巴巴集团

